

RAGHAVA ESTATES & PROPERTIES LIMITED

Twenty Third Annual Report

2010 - 2011

BOARD OF DIRECTORS

Sri L.Ravindra Rao	Managing Director
Sri L.Tulasi Prasad	Joint Managing Director
Sri T.Sri Rambabu	Director
Sri K.Harischandra Prasad	Director
Sri CH.Anjaneyulu	Director
Sri K.Koteswara Rao	Director
Sri M.K.S.Prakasa Rao	Director
Sri A.Srinivas	Director
Sri P.S.P.Bhushan Maruthi	Director
Sri B.V.R.Kumar Maruthi	Director

AUDITORS

SURESH AND BABU

Chartered Accountants

36-14-3/1,Mogalrajapuram

Vijayawada – 520 010

BANKERS

State Bank of India

ING Vysya Bank Ltd

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Company will be held at 10.00 a.m. on Thursday, the 29th day of the September, 2011 at the Registered Office of the company at Door No.64-9-2, Patamatalanka, Vijayawada-10 to transact the following business:-

ORDINARY BUSINESS:

01. To receive, consider and adopt the Audited Financial Statement for the year ended March 31st 2011 together with the Reports of the Directors and the Auditors thereon.
02. To appoint a Director in place of Sri T. Sri Rambabu who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint a Director in place of Sri P.S.P.Bhushan Maruthi who retires by rotation and being eligible, offers himself for re-appointment.
04. To appoint a Director in place of Sri B.V.R.Kumar Maruthi who retires by rotation and being eligible, offers himself for re-appointment.

05. To consider, and if thought fit, to pass, with or without modification (s) the following resolution as Ordinary Resolution.

“RESOLVED THAT the retiring Auditors M/s. SURESH AND BABU Chartered Accountants be and are hereby re-appointed as auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration in addition to reimbursement of actual out of pocket expenses incurred in connection with the audit of the books of account of the Company.”

SPECIAL BUSINESS:

06. To consider, and if thought fit, to pass, with or without modification (s) the following resolution as a Special Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 198,269,309 & 310 read with schedule XIII and other applicable provisions, if any, of the Companies Act,1956, including any statutory modifications or re-enactments thereof , for the time being in force, consent of the company be and is hereby accorded for appointment of Mr.L.Ravindra Rao as the Managing Director of the company with effect from 1st August, 2011 to 31st July, 2016 on such terms as stated in the explanatory statement annexed to the notice.”

07. To consider, and if thought fit, to pass, with or without modification (s) the following resolution as a Special Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 198,269,309 & 310 read with schedule XIII and other applicable provisions, if any, of the Companies Act,1956, including any statutory modifications or re-enactments thereof , for the time being in force, consent of the company be and is hereby accorded for appointment of Mr.L.Tulasi Prasad as the Joint Managing Director with effect from 1st August, 2011 to 31st July, 2016 on such terms as stated in the explanatory statement annexed to the notice.”

For and on behalf of the Board

Place : Vijayawada
Date : 02-09-2011

(L.RAVINDRA RAO)
Managing Director

Note:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
2. The Register of the members will also remain closed from 20-9-2011 to 29-9-2011(both days inclusive). The transfer books of the Company will remain closed for the aforesaid period.
3. Explanatory statement pursuant to Section 173(2) of the companies Act, 1956 is annexed hereto.
4. The members are requested to :-
 - (a) Intimate change, if any, in their registered address immediately
 - (b) Quote ledger folio number in all their correspondence.

Additional information on Directors seeking reappointment at the Annual General Meeting (Pursuant to Clause (49) of the listing Agreement)

Item no. 2:

Sri. T.S.Rambabu Aged 56 years an Engineering Graduate holder in civil and acquired M.Tech. from IIT, Kharagpur, he was a faculty member of Siddartha Engineering College, Vijayawada. He keeps himself up to date with the latest trends in construction.

Item no.3 :

Sri P.S.P. Bhushan Maruthi Aged 51 years is a Graduate In commerce and has rich experience in marketing and Administration of business.

Item no.4 :

Sri B.V.R.Kumar Maruthi Aged 40 years is a Graduate In commerce and has rich experience in Trading and marketing in business.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

As required by Section 173(2) of the Companies Act, 1956, the following explanatory statement sets out material facts relating to the Special business under Item No.6, 7, 8 & 9 of the accompanying Notice dated 01-08-2011.

Item No.7:

The Board of Directors of the company at its meeting held on 01-08-2011 re-appointed Sri L.RAVINDRA RAO, Managing Director of the company for a period of 5 years. The tenure and the salary particulars are as mentioned below:-

L.RAVINDRA RAO	Managing Director	01-08-2011 to 31-07-2016	Rs.50,000/- p.m
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The salary proposed to be paid is within the limits prescribed in Part II of Schedule XIII to the Companies Act, 1956. The draft of the agreement to be entered into by the Company with Mr. L.Ravindra Rao is available for inspection of members of the company on all its working days except Sundays between 11 a.m. to 1 p.m. upto the date of Annual General Meeting.

Mr.L.Ravindra Rao, Managing Director of the company respectively are interested in the proposed respective resolution to the extent of remuneration payable to each of them. No other director is concerned or interested in the proposals.

This Directors therefore recommend the resolution set out in item-6 of the notice.

Item No.8:

The Board of Directors of the company at its meeting held on 01-08-2011 re-appointed Sri L.TULASI PRASAD, Jt.Managing Director of the company for a period of 5 years. The tenure and the salary particulars are as mentioned below:-

L.TULASI PRASAD	Jt.Managing Director	01-08-2011 to 31-07-2016	Rs.50,000/- p.m
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The salary proposed to be paid is within the limits prescribed in Part II of Schedule XIII to the Companies Act, 1956. The draft of the agreement to be entered into by the Company with Mr. L.Tulasi Prasad is available for inspection of members of the company on all its working days except Sundays between 11 a.m. to 1 p.m. upto the date of Annual General Meeting.

Mr.L.Tulasi Prasad, Joint Managing Director of the company respectively are interested in the proposed respective resolution to the extent of remuneration payable to each of them. No other director is concerned or interested in the proposals.

This Directors therefore recommend the resolution set out in item-6 of the notice.

DIRECTORS' REPORT

Your Directors have great pleasure in presenting 23rd Annual Report together with the Annual Audited Accounts for the financial year ended 31st March, 2011.

	For the Year Ended 31-03-2011	For the Year Ended 31-03-2010
FINANCIAL RESULTS	Rs.	Rs.
Profit before interest and depreciation	94,93,581	1,13,21,366
Interest	71,64,202	87,62,057
Depreciation	14,98,202	16,29,402
Profit for the Year	8,31,177	9,29,907
Miscellaneous Expenditure written off	0	0
Profit before tax	8,31,177	9,29,907
Less: Provision for Income Tax		
--- Current Tax	(277596)	(2,87,397)
--- Deferred Tax	3,24,927	55,899
Profit after tax	8,78,508	6,98,409
Profit/Loss brought forward from Previous period	9,11,21,998	9,04,23,589
Profit carried to Balance Sheet	9,20,00,506	9,11,21,998
Earning per share		
---Basic/Diluted.	0.29	0.17

DIVIDEND:

In view of the working capital requirements for the on going & forth coming projects, the board has not recommended any dividend.

FUTURE PROSPECTS:

Your company views the future with optimism, as the demand for Housing is growing day by day and keeping in view the demand the management is anticipating good increase in turnover during the forthcoming years.

DIRECTORS :

Sri T.Sri Rambabu who retires by rotation and being eligible offers himself for re-appointment.

Sri P.S.P.Bhushan Maruthi who retires by rotation and being eligible offers himself for re-appointment.

Sri B.V.R.Kumar Maruthi who retires by rotation and being eligible offers himself for re-appointment.

AUDITORS :

M/s SURESH AND BABU, Chartered Accountants, Vijayawada Auditors of the Company, retire and are eligible for re-appointment for the Current Year.

INFORMATION AS PER SEC.217(2A) OF THE COMPANIES ACT, 1956.

PARTICULARS OF EMPLOYEES:

There were no employees in receipt of remuneration in excess of the amounts specified in Section 217(2A) of the Companies Act, 1956.

CONSERVATION of Energy ,Technology absorption, Foreign Exchange and outgo :

Information regarding compliance of Rules relating to conservation of Energy and Technology absorption is not provided, as the same is not applicable to the Company.

Foreign Exchange earning and outgo : Nil

CORPORATE GOVERNANCE:

As per clause 49 of the Listing Agreement our company has obtained corporate governance report from the statutory auditors of the company and annexed to this report and a separate section on Management Analysis and Discussion has been forming part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement U/s 217(2AA) of the Companies Act, 1956, with respect to Directors responsibility statement, it is hereby confirmed

- i) That in the presentation of Annual accounts, Applicable accounting standards have been followed and there is no material departure.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the accounts for the financial year ended 31st March 2011 on a going concern basis.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to express their thanks to the various State Government Departments, Development Authorities, Banks & Financial Institutions, Customers and Suppliers for their valuable assistance & support.

Yours Directors wish to place on record their appreciation of the efforts put in by the employees of your company at all levels.

Place : Vijayawada
Date : 02.09.2011

For and on behalf of the Board

L.RAVINDRA RAO
Managing Director

Management Discussion and Analysis:

Over view:

The financial statements have been prepared in compliance with the requirements of the provisions of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. The estimates and judgments relating to the financial statements have been on a prudent and reasonable basis, in order that the statements reflect, in a true and fair manner, the state of affairs and profits for the year. This report may also contain certain statements that the company believes are or may be considered to be 'Forward Looking Statements' which are subject to certain risks and uncertainties.

INDUSTRY AND STRUCTURE

Construction Industry

India by population stood in second place in the World. India has a vast land and natural resources but they are not utilizing proportionately. Each and every common man wanted primary needs such as food, shelter & clothes. The Indian Real Estate sector after being on a high for almost three years is witnessing a slight correction throughout the country. Growth over these last three years was characterized by strong economic fundamentals, increasing purchase capacity of the investors, leading to rise in demand which in turn, led to increase in supply by developers who wanted to capitalize on the opportunity.

The company feels that the fundamentals will remain positive in 2010 and prices may moderate in the markets, however, the property market may witness a slowdown with some moderate correction which will vary from region to region. The demand-supply gap is anticipated to be much closer this year. The company expects that developers will be reluctant to reduce prices and may indulge in adding sweeteners to their deals rather than engaging in direct reduction in prices. The company's main aspect is to provide shelter within the affordable price and quality construction.

Company Infrastructure:

Your company operates from its registered office at Vijayawada. The company's site offices are at 2 locations one at Poranki, Penamaluru Mandal, Krishna district about 6 KM from the registered office at Vijayawada and the second one at Edupugallu Village, Krishna district about 9 Kms from the registered office at Vijayawada.

Internal Control Systems:

The Company has an effective internal control system in place and this is continually reviewed for effectiveness and is amplified by written policies and guidelines. The company's overall system of internal control is adequate given the size and nature of operations and effective implementation of internal control procedures.

The internal control system of the company is subject matter of Audit Committee's periodical review and suggestions and recommendations, if any, made by the committee will be carried out.

OPPORTUNITIES AND THREATS

With the tax exemptions offered by the Government and ample services of the private and public financial institutions, Geographical area of city limits are expanding vastly by mobilization of the people from one place to another for getting employment, which results the more opportunities for the company.

In rare occasions, uncertainty of land and material costs, chronic deviations in getting of land acquisition permits from the competent authorities.

Risks and concerns:

The Company's Current and Fixed assets are adequately insured against various risks. The Company constantly strives to adequately protect itself from various business risks and concerns and takes appropriate measures to address the same.

Operational Performance:

Particulars	2010-2011	2009-2010
Net Sales	7,87,70,602	9,59,79,591
Other Income	2,88,320	1,16,113
Work in Progress	6,51,67,489	2,44,81,499
Total Income	7,90,58,922	9,60,95,704
PBDIT	94,93,581	1,13,21,366
Finance charges	71,64,202	87,62,057
Depreciation	14,98,202	16,29,402
Profit before Tax	8,31,177	9,29,907
Profit after Tax	8,78,508	6,98,409
EPS – Basic	0.29	0.17
Net Worth	13,22,18,006	13,13,39,498

Sales Turnover:

Your Company is developing Housing colonies and Apartments in various locations. The On-going venture called 'Padmapriyanagar colony'. In this financial year major part of construction and infrastructure activities are completed. Your company achieved a turn over of Rs. 787.70 Lakhs.

Expenses:

The Company has achieved cost efficiency due to overall control on overheads. This increased the profits of the company for the previous year.

Finance charges:

The volume of finance charges have been slightly decreased to Rs. 71.64 lakhs from Rs. 87.62 lakhs for the year 2010-2011.